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Message Text

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15
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DRAFTED BY: XMB: AMOHANIAN/RLS
APPROVED BY: EB/OCA/CM: JSIMMONS
WARREN W GLICK, ACTING EXECUTIVE VICE PRESIDENT
EB/IFD/R WART
ARA/EP: FCORRY (INFO)
---------- 041559
R 232140Z JUL 75
FM SECSTATE WASHDC
TO AMEMBASSY CARACAS
AMEMBASSY LIMA

UNCLAS STATE 173776

E. O. 11652: N/A
TAGS: APUB, VE

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO VENEZUELA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF $6,605,100 IN FAVOR OF CORPORACT
ION
ANDINA DE FOMENTO (CAF), OF CARACAS. RELEASE IS SCHEDULED FOR ANNOUNC
E-
MENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, JULY 29, 1975
.

QUOTE: EXIMBANK CREDIT OF $6,605,100 SUPPORTS $14,678,000 SALE OF U.S
.
EQUIPMENT TO VENEZUELAN COMPANY

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES
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HAS AUTHORIZED A DIRECT CREDIT OF $6,605,100 IN FAVOR OF CORPORACION

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ANDINA DE FOMENTO (CAF), OF CARACAS, VENEZUELA,
TO HELP FINANCE THE PURCHASE OF US GOODS AND SERVICES TOTALLING
$14,678,000 FOR A PHOSPHATE PROJECT IN PERU. CAF WAS ORGANIZED IN
1968 AS A FINANCIAL DEVELOPMENT INSTITUTION FOR THE
ANDEAN COMMON MARKET. IT IS OWNED BY THE GOVERNMENTS OF BOLIVIA, CHIL
E,
COLOMBIAN, ECUADOR, PERU AND VENEZUELA.

THE FUNDS ARE FOR THE USE OF EMPRESA MINERA DEL PERU, A SPECIAL-
IZED MINING COMPANY OWNED BY THE GOVERNMENT OF PERU. MINERO-PERU PLAN
S
TO EXPOLIT LARGE PHOSPATE MINERALS AT THE BAYOVAR DEPOSITS IN THE
SECHURA DESERT NEAR THE NORTHWEST COAST (PACIFII OCEAN) OF PERU.

EXIMBANK'S CHAIRMAN WILLIAM J. CASEY SAID THIS EXIMBANK-SUPPORTED
TRANSACTION WOULD HAVE A BENEFICIAL IMPACT ON THE US ECONOMY SINCE TH
ERE
IS NO APPARENT EXCESS DOMESTIC DEMAND FOR THE TYPE OF EQUIPMENT BEING

PURCHASED. THE SALE WILL ALSO HELP MAINTAIN A FLOW OR ORDERS TO US
SUPPLIERS AND HELP THE US BALANCE OF PAYMENTS. US SUPPLIERS HAVE NOT
YET BEEN SELECTED.

THE EXIMBANK LOAN REPRESENTS 45 PERCENT OF THE TOTAL UE COSTS. A CRED
IT
OF $6,605,100 FROM BANK OF AMERICA, SAN FRANCISCO, WILL FINANCE
ANOTHER 45 PERCENT OF THE US COSTS. THE BALANCE OF THE US COSTS OF
10 PERCENT OR $1,467,800 WILL BE A CASH PAYMENT BY CAF.

INTEREST ON EXIMBANK'S CREDIT WILL BE AT 8 PERCENT PER ANNUM. THIS
DRATE, COMBINED WITH THE ESTIMATED INTEREST FROM PRIVATE SOURCES,
BASE ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST
TO CAF OF 8.3 PERCENT TO 8.55 PERCENT PER ANNUM.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING
JANUARY 15, 1978, WITH EXIMBANK'S CREDIT TO BE REPAID OUT OF THE LAST
8 INSTALLMENTS. UNQUOTE.
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Subject: PRESS RELEASE ON EXIMBANK CREDIT TO VENEZUELA FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
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Type: TE
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